

SENATE BILL 605
By Henry

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 8,
Part 2, relative to business and industrial development
corporations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-8-203, is amended by adding a
new subdivision (26) as follows:

(26) "Well-capitalized" shall mean, in the case of a licensee under this part, a
licensee with stockholders' equity at least equal to the greater of ten million dollars
(\$10,000,000) or fifteen percent (15%) of total assets.

SECTION 2. Tennessee Code Annotated, Section 45-8-205(a), is amended by deleting
subsection (a) and redesignating subsections (b), (c) and (d) as (a), (b) and (c), respectively.

SECTION 3. Tennessee Code Annotated, Section 45-8-210(b)(6), is amended by
deleting the first sentence and inserting in lieu thereof the following:

In connection with an extension of credit by a licensee, a licensee may charge or
receive interest at any rate which does not exceed the maximum rate which may be
charged or received by any other Tennessee or federally chartered or licensed lender
(including a small business investment company licensed by the Small Business
Administration), subject only to those terms and conditions stipulated in this part.

SECTION 4. Tennessee Code Annotated, Section 45-8-210(b) is amended by adding a
new subdivision (7), as follows:

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(7) In connection with funding its operations, a licensee may sell small business loans, other securities and related collateral to special purpose corporations (including subsidiaries of the licensee), grant or other trusts or similar entities which purchase such loans and resell or pledge such loans to third-parties in connection with securitizations and similar transactions, and such entities may collect interest, principal, and fees with respect to loans originated by a licensee without being required to be licensed hereunder.

SECTION 5. Tennessee Code Annotated, Section 45-8-210(c)(2)(B), is amended to read as follows:

Require that a licensee that is not an investment company maintain a reserve in the amount of anticipated losses; or

SECTION 6. Tennessee Code Annotated, Section 45-8-211(d), is amended to read as follows:

(d) Upon written notice to the commissioner, and with the consent of the same, a licensee may establish, relocate or close an office, except that no notice or consent shall be required if the licensee is well capitalized.

SECTION 7. Tennessee Code Annotated, Section 45-8-213(d), is amended to read as follows:

Except with the approval of the commissioner, a licensee shall not provide a lien on or security interest in any of its property for the purpose of securing an obligation of, or an obligation incurred for the benefit of, any principal shareholder of the licensee, any person controlled by a principal shareholder of the licensee, or to a director, officer, partner, relative, controlling person, or affiliate of a principal shareholder of the licensee.

SECTION 8. Tennessee Code Annotated Title 45, Chapter 8, Part 2, is amended by adding a new section 45-8-226 as follows:

Section 45-8-226. The requirements of Section 45-8-212 and Section 45-8-214 shall not be applicable to a well-capitalized licensee.

SECTION 9. This act shall take effect upon becoming a law the public welfare requiring it.